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LB 838

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2010-11		**FY 2011-12**	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	Up to $1,000,000		Up to $1,000,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 838 requires cities, villages, counties and the Department of Roads to include in road/bridge repair and maintenance contracts provisions for incentives, disincentives and lane closure restrictions as outlined in the bill.

Fiscal note requests were sent to a sample of political subdivisions: Omaha, Lincoln, Lancaster County and Douglas County. At the time this fiscal note was prepared only Douglas County and Omaha had responded. Douglas County indicated that since the provisions are negotiated on a project-by-project basis they are unable to determine a financial impact. Omaha indicated their expenditures could increase an estimated $1,700,000 annually if all contractors reached the necessary requirements for the full incentive.

The Department of Roads indicated in their fiscal note that incentive, disincentive and lane closure provisions are generally already included in their contracts and should not have a fiscal impact. They do note that incentive/disincentive provisions must be negotiated as part of the bid process and cannot be negotiated after the bid has been awarded without violating federal law.

The one provision that the department did assign a fiscal impact to was the requirement for the contractor to post signs to inform motorists of their name and phone number in intervals of at least one sign per mile in the maintenance, repair, or construction zone. The department estimated this provision will increase their contract costs by $750,000 to $1,000,000 per year. It is my understanding after talking to the department that the indicated average per sign cost of $600 includes the cost of the sign itself, erection and removal costs, and $1/day per sign to maintain it in a readable condition. It would seem that options would be available to reduce this cost, such as eliminating the $1/day per sign maintenance provision, and recognizing that the contractor should be able to reuse most of the signs as they move on to other construction zones. No estimate of how these actions would decrease the total cost are available at this time.